

CLEVELAND PUBLIC  
BUSINESS INT.  
SUBJECT  
Corp.

*The  
First Thirty  
Years  
1899 - 1929*

*Jewel Tea Co.*

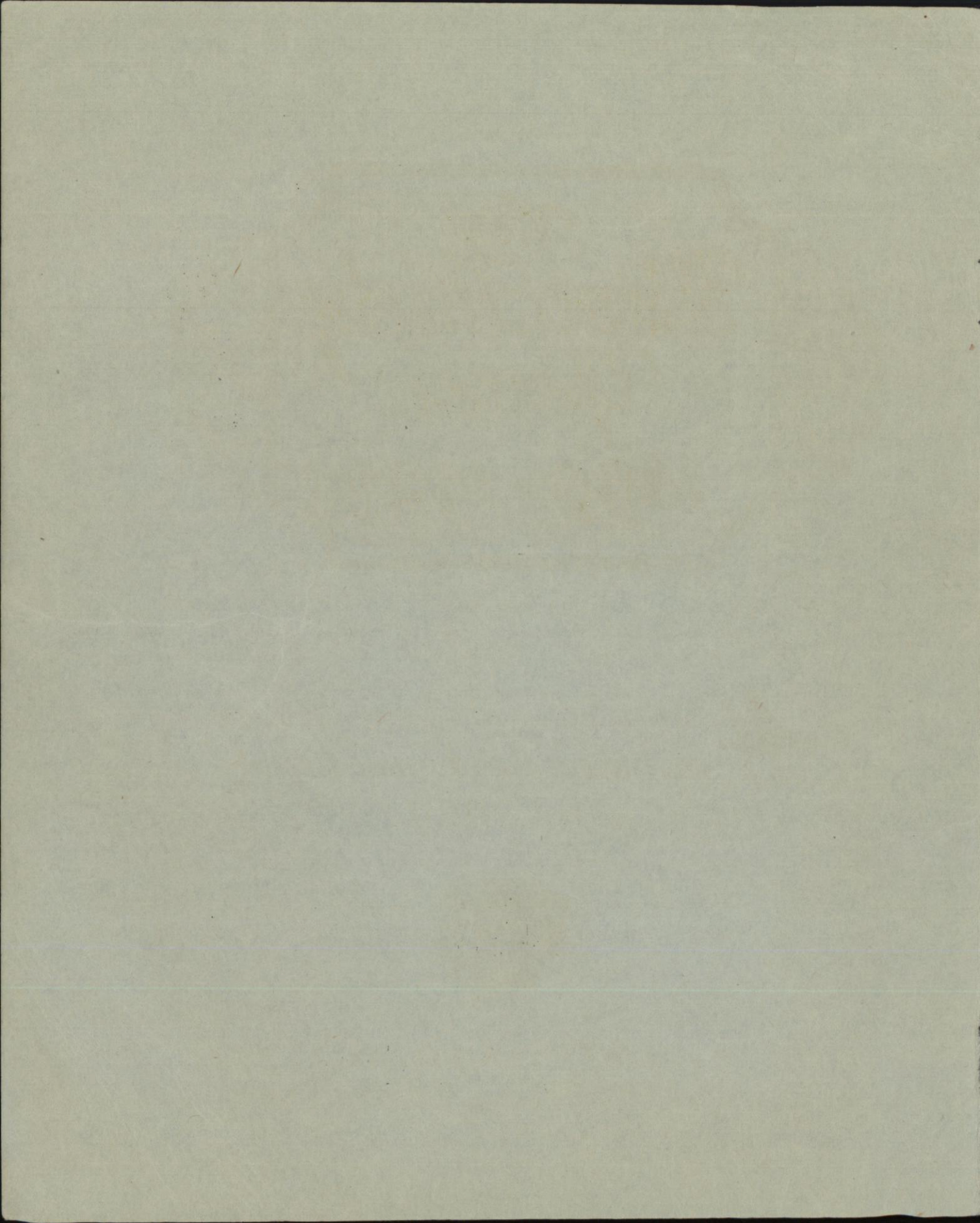
*A Short Story of Jewel Growth  
including the Annual Report  
for 1929*



BUS. INT. BUR.

**JEWEL TEA CO., INC.**  
NEW YORK - CHICAGO















THE FIRST  
THIRTY YEARS  
1899-1929



Second Edition

Copyright 1930  
JEWEL TEA CO., INC.  
Barrington, Illinois





MAURICE H. KARKER  
*President*

Member, Board of Directors, Feb. 13, 1923  
Vice-President, Administration, March 20, 1923  
President, July 1, 1924



# Directors and Officers



THE CHAIRMAN of the Board of Directors of the Jewel Tea Co., Inc., John M. Hancock, is an active partner in the banking firm of Lehman Bros., New York. He represents the National Retail Tea and Coffee Merchants' Association, of which this company is a member, on the National Coffee Trades Council. He is a director in the following firms: Sears, Roebuck & Co.; Brunswick-Balke-Collender Co.; Cluett, Peabody & Co., Inc.; Kroger Grocery and Baking Co.; Long-Bell Lumber Corporation; International Silver Co.; Kelly-Springfield Tire Co.; American Stores Co.; Foreman National Bank; Foreman Trust and Savings Bank; W. T. Grant Co.; Piggly-Wiggly Corporation; General American Investors Co., Inc.; A. Stein & Co.; Van Camp Packing Co., Inc.; The Florsheim Shoe Company; B. Kuppenheimer & Co., Inc.; The Cuneo Press, Inc.

Mr. Hancock was born in Emerado, North Dakota, in 1883. He graduated from the University of North Dakota in 1903, and the next year entered the navy as an assistant paymaster with the rank of ensign. When the United States entered the war Mr. Hancock was officer in charge of the purchase division, Bureau of Supplies and Accounts, Navy Department. He was also a member of the Federal Price Fixing Committee and of the Requirements Division of the War Industries Board. He was awarded the Navy Cross for war services.

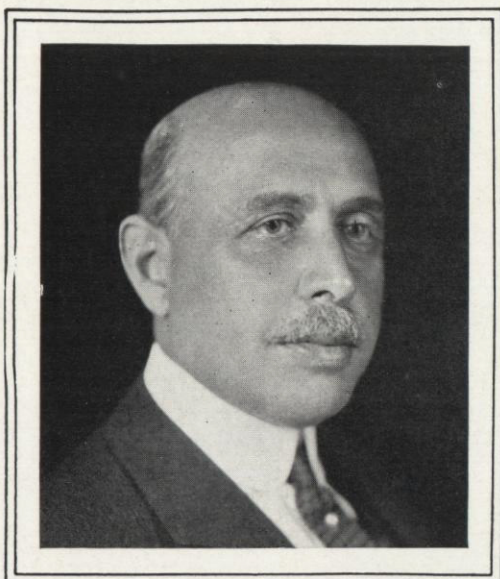


JOHN M. HANCOCK

Shortly after leaving the navy Mr. Hancock became connected with the Jewel Tea Co., Inc. He was elected vice-president and treasurer in November, 1919, and president in April, 1922. Two years later, in July, 1924, he resigned, to join Lehman Bros., and became chairman of the Jewel board of directors. Maurice H. Karker, who, as vice-president, had been in charge of company administration for two years, was Mr. Hancock's successor as president. Mr. Karker, like his predecessor, received his business training in the navy.

Mr. Karker was born in Schoharie county, New York, in 1886, received his early education in the vicinity of his birthplace, and enlisted in the navy shortly after graduation from high school. He continued his education and his study of business, as well as naval matters, after his enlistment, and earned his commission before he was 21. During the first year of the war he was on duty at the navy supply depot in New York and after June, 1918, at the navy supply base at Brest, France. On his return to the United States he was made officer in charge of the Provisions and Clothing Depot at New York. He received a letter of commendation from the Secretary of the Navy and had three citations, one for the Legion of Honor and two for the Distinguished Service Medal. In 1922, Mr. Karker left the navy and a short time later joined the executive staff of Jewel Tea Co., Inc. He has been its president since July 1, 1924.

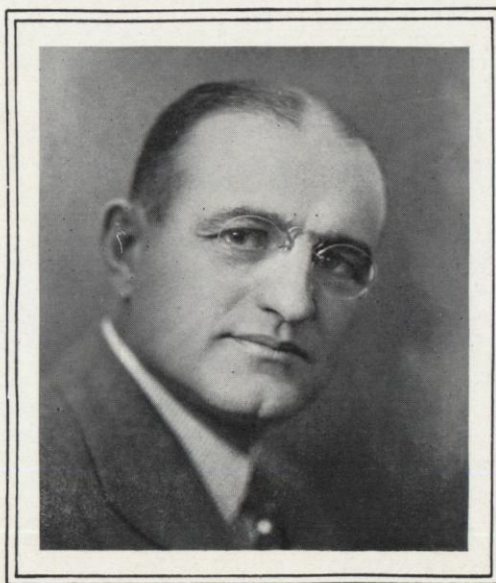




ARTHUR LEHMAN  
Member, Board of Directors  
Elected February 13, 1918

MR. LEHMAN is a partner in the banking firm of Lehman Bros., New York. Born 1873, New York City. Graduated Harvard, 1894. Member, New York Cotton Exchange; New York Produce Exchange; New York Coffee and Sugar Exchange. Director of the following corporations: Continental Can Co., Inc.; American Light and Traction Co.; General American Investors Co., Inc.; Cuban Tobacco Co., Inc.; Southern States Land and Timber Co.; General Development Company; Underwood Elliott Fisher Co.; Pennsylvania-Dixie Cement Corporation; Bloomingdale Bros., Inc.; Bing & Bing, Inc.; Lehn & Fink Products Co.; City Housing Corporation; Abraham & Straus; Amalgamated Leather Companies, Inc.; American International Corporation; Associated Rayon Corporation; County Trust Company; Fidelity Trust Company; Radio-Keith-Orpheum Corporation; JEWEL TEA CO., INC.

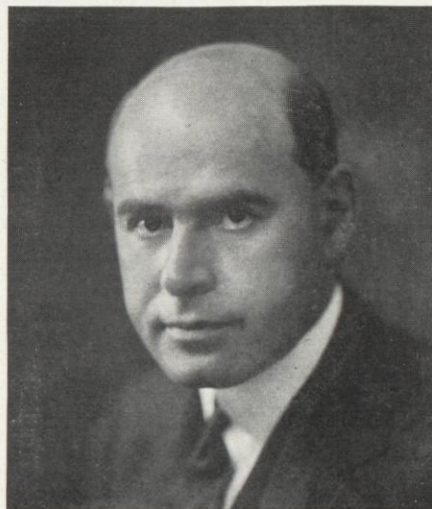
MR. SACHS is a partner in the banking firm of Goldman, Sachs & Co., New York. Born 1880, New York. Graduated Harvard, 1901. Entered Goldman, Sachs & Co., July, 1901, and became a partner in 1904. Director of the following corporations: Irving Trust Company of New York; Brunswick-Balke-Collender Co.; General Cigar Company, Inc.; Kelly-Springfield Tire Co.; National Bellas Hess Co., Inc.; Phoenix Hosiery Co.; Pierce Petroleum Corporation; Public National Bank and Trust Co.; The Goldman Sachs Trading Corporation; The United States Savings Bank of the City of New York (Trustee); F. W. Woolworth Co.; Debenhams Securities, Ltd., London; Eitingon-Schild Co., Inc.; Austrian Credit Anstalt, Vienna, JEWEL TEA CO., INC.



ARTHUR SACHS  
Member, Board of Directors  
Elected April 16, 1919

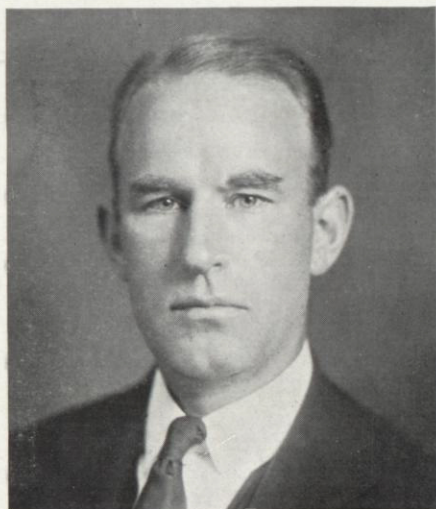


**M**R. LEHMAN is Lieutenant Governor of the State of New York for the term of office 1929 to 1931, and is a partner in the banking firm of Lehman Bros., New York. Born 1878, New York, N. Y. Graduated Williams College, 1899; received honorary M.A. and LL.D. degrees from Williams in 1921 and 1929, respectively. Resigned as vice-president of J. Spencer Turner Co., textile manufacturers, in 1906, to enter Lehman Bros. In 1908 became a partner in the firm. Entered United States Army, August, 1917. Colonel of the General Staff U. S. A., April, 1919. Distinguished Service Medal, July, 1919. Director of the following corporations: Studebaker Corporation; Van Raalte Co., Inc.; Robert Reis & Co.; Franklin Simon & Company; Spear & Company; Pierce Petroleum Corporation; Interstate Department Stores; Knott Corporation; JEWEL TEA CO., INC.



HERBERT H. LEHMAN

*Member, Board of Directors*  
Elected November 11, 1919



HENRY S. BOWERS

*Member, Board of Directors*  
Elected January 26, 1916

**M**R. BOWERS is a partner in the banking firm of Goldman, Sachs & Co., New York. Born 1878, Arlington Heights, Mass. Graduated Harvard, 1900. New York office, Goldman, Sachs & Co., 1900 to 1907. Chicago office same firm 1907 to 1915. Admitted to firm 1915, and transferred back to New York office. Director of the following corporations: The Seaboard Bank of the City of New York; Pillsbury Flour Mills, Inc.; N. & L. Realty Co.; Munsingwear, Inc.; B. Kuppenheimer & Co., Inc.; S. H. Kress & Co.; Kelsey-Hayes Wheel Corporation; Endicott Johnson Corporation; Archer-Daniels-Midland Co.; The Colonial Trust Company, Philadelphia; Minneapolis-Moline Power Implement Company; The Cream of Wheat Corporation; Goldman Sachs Trading Corporation; Truax-Traer Coal Company; United Biscuit Company of America; JEWEL TEA CO., INC.





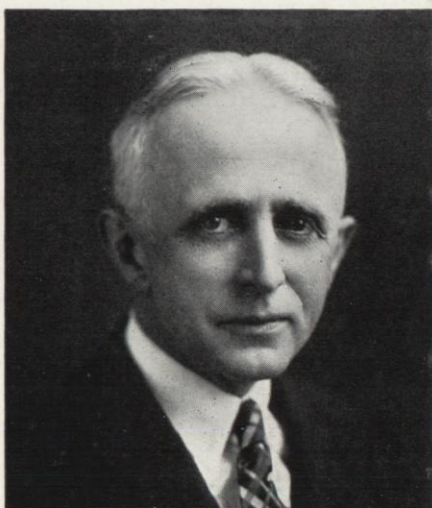
JOHN C. REGAN  
*Vice-President, Sales*  
Member, Board of Directors, April 13, 1926



HERBERT J. TAYLOR  
*Vice-President, Administration*  
Member, Board of Directors, April 9, 1929

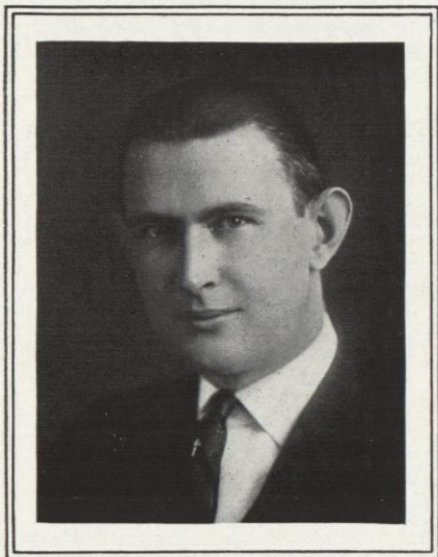


FREDERICK M. KASCH  
*Treasurer*  
Member, Board of Directors, April 8, 1928



WILLIAM D. SMITH  
*Secretary*  
Assistant General Sales Manager





JAMES M. O'CONNOR  
*Assistant to the Chairman,  
Board of Directors*



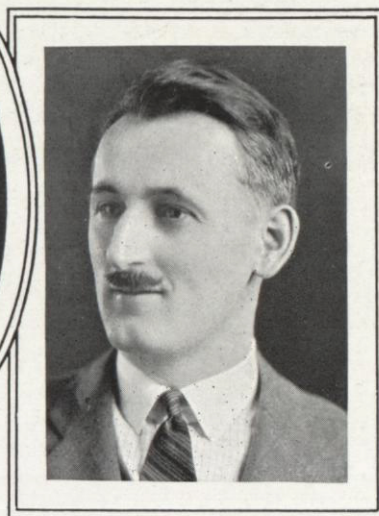
ROBERT HILTON  
*Assistant to the President*



J. M. FRIEDLANDER  
*Assistant Treasurer*



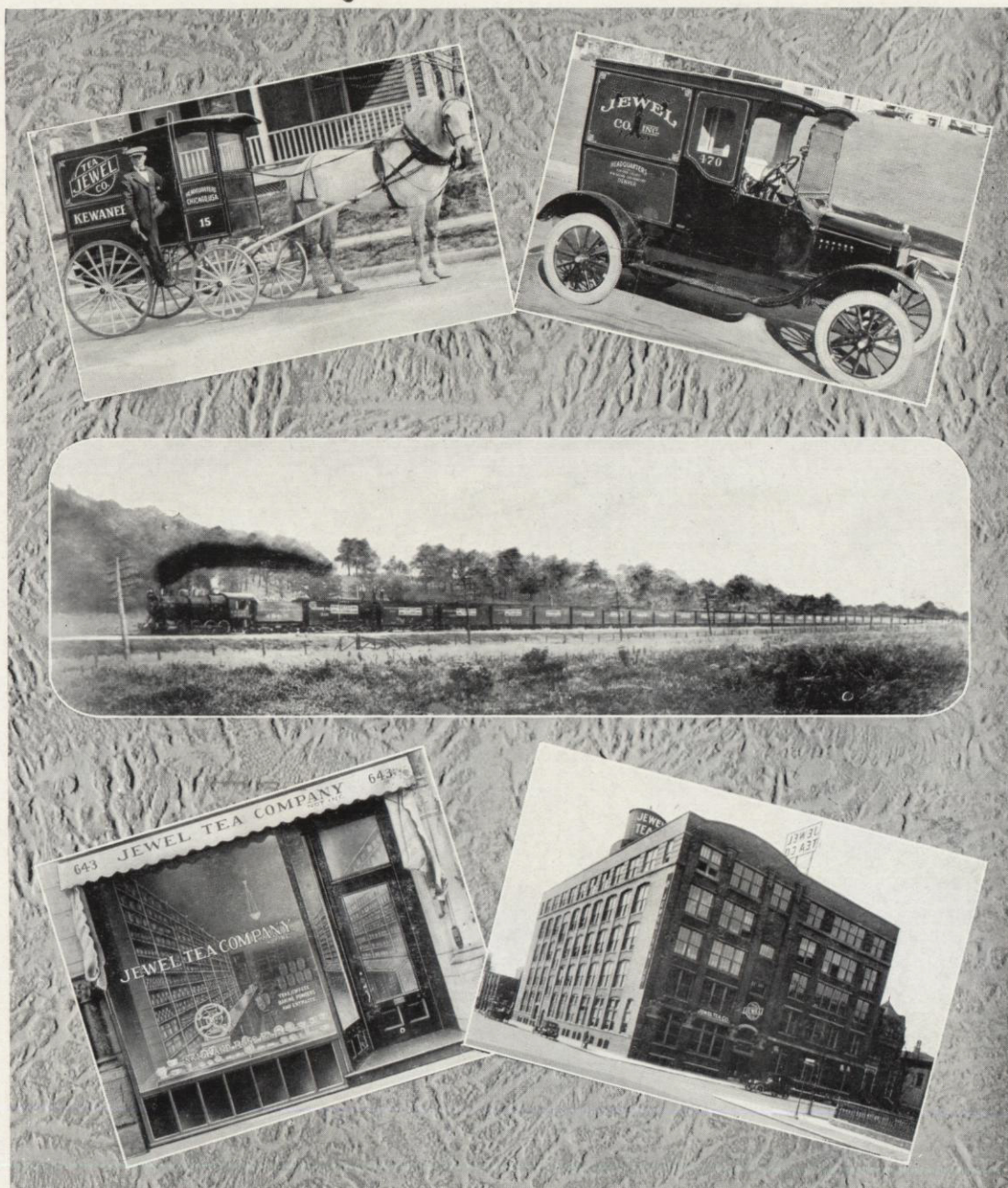
ROBERT W. MUIR  
*Assistant Secretary  
General Counsel*



R. E. NAGLER  
*Assistant Treasurer*



## INTERESTING VIEWS OF EARLIER YEARS



Upper left—  
One of the first Jewel  
routes outside of Chicago.

Lower left—  
Where the company started.

Center—  
A train of 42 cars of coffee  
imported by Jewel, 1908.

Upper Right—  
An early automobile.

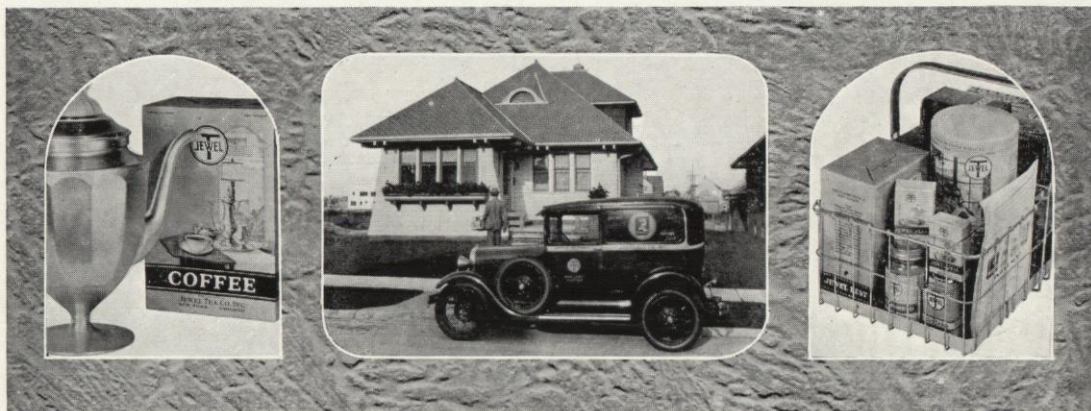
Lower right—  
The first manufacturing  
plant.



# *Milestones in Jewel History*

- 1899—Business founded by Frank Vernon Skiff, with \$700 capital.
- 1901—Initiation of advancement of the premium and delivery every two weeks.  
First store, 643 E. 43rd St., Chicago—Skiff and Ross, Proprietors.
- 1903—Company incorporated—capitalization, \$25,000.
- 1904—First routes outside of Chicago started.
- 1905—A packaging and distributing plant leased, May and Randolph Sts., Chicago.
- 1906—Capitalization increased to \$100,000.  
Manufacturing started—first product, baking powder.
- 1908—The importation by Jewel of the largest single lot of coffee ever brought into the country up to that time, a train of 42 cars, 1,600,000 pounds.
- 1909—The first manufacturing plant built—with complete coffee roasting equipment and machinery for the manufacturing and packaging of other Jewel products. Ada and Washington Streets, Chicago.
- 1910—Annual sales first reached the million mark.  
Capitalization increased to \$500,000.
- 1916—The present company incorporated. Capitalization \$16,000,000.  
Stock (common and 7% preferred) listed on New York Stock Exchange.  
Hoboken, N. J., manufacturing plant built for the company.  
Big expansion program, 850 to 1645 routes.
- 1918—Hoboken plant commandeered by the government.
- 1919—Company indebtedness funded by issue of gold notes, \$3,500,000.  
Expenses of operation exceeded income.  
Dividends on preferred stock passed.
- 1920—Liquidation of unprofitable branches.  
\$1,000,000 of gold notes paid off.
- 1921—Further progress on retrenchment and strengthening of financial position.
- 1922—Last of gold notes paid off. Company out of debt.
- 1923—Many improvements in service: new triple seal package adopted; The Jewel News, magazine for customers, started; chemical laboratory installed.
- 1924—Home Service Division inaugurated.  
Budget system for control of branch expense. Capital deficit wiped out.
- 1925—Dividends on preferred stock resumed and \$7.00 paid on back dividends which had accrued to the amount of \$36.75.
- 1926—Motorization of the business completed.  
Sales per week per wagon first reached \$300 in December.
- 1927—Balance of preferred dividends in arrears paid in full.
- 1928—All preferred stock called for redemption. First dividends paid on common stock, annual rate \$4.00. Extra dividend of \$1 per share paid in December.
- 1929—Capital stock structure further simplified. 280,000 shares of common stock outstanding, annual dividend rate \$3.00. Extra dividends of \$1 per share paid June 15, and December 15.
- 1930—Jewel Park, Barrington, Illinois, becomes the headquarters of the company.





## *Character of the Business*

THE JEWEL TEA CO., INC. is a direct-to-the-consumer distributor and manufacturer of a limited line of groceries: coffee, tea, spices, cereals, laundry and toilet products, and other packaged specialties. Although the company belongs in the general chain grocery distributing class it is not a chain store organization. It reaches the housewives in their own homes, through well trained salesmen who travel over established routes by motor trucks. They call on each customer every two weeks, taking orders for groceries to be delivered at the next regular call, and delivering the groceries ordered two weeks before.

A distinctive feature of the company's method of merchandising is the sharing of profits with customers by the advance premium plan. With each purchase of groceries the customer receives a profit sharing credit to be applied on the purchase price of any premium she selects from those offered by the company. This premium is advanced to her with the first

purchase and is paid for by the credits she receives on this and subsequent purchases. The amount of profit sharing credit varies according to the product. The premiums are carefully chosen household equipment and furnishings designed to add to the comfort and convenience of home making. They are in good taste, of good workmanship, and made of the best materials.

The high quality of all Jewel products, whether groceries or premiums, is rigidly maintained. Purchasing, manufacturing, and packaging are done with the utmost care. Those articles which are not manufactured by the company are carefully inspected to see that they are in every way up to the high Jewel standard. A well equipped chemical laboratory and home economics department make frequent tests of the purity, richness, and utility of each item sold by the Jewel Tea Co., Inc. Each grocery product and premium is sold under a satisfaction-or-money-back guarantee.



# The First Thirty Years

## 1899 ~ 1929

**T**HIRTY YEARS AGO the wagon route method of merchandising was not new, although direct selling had not at that time attained the prominence in the field of distribution that it has today. Many men purchased small supplies of coffee and tea, spices, flavoring extracts, etc., and sold them to the housewives from a wagon in front of their doors. A small credit on each sale was given to the housewife to be applied on a premium to be selected when sufficient coupons were saved. It was very much a case of every man for himself, and a man's sales depended entirely upon his industry and personal popularity. One such man was not content to do as the rest did. He decided that he would advance the premium. The customer would no longer have to wait until she had saved enough coupons before she could get her chinaware, coffee pot, or lace curtains. He believed that the honesty of the average American housewife could be relied upon; that she would remain a customer until she had paid for the premium; and that by that time she would be convinced of the merits of the groceries sold her; would want another premium, and would tell her neighbors about the new plan. The Jewel Tea Co., Inc., as it exists today, is proof of the essential soundness of the idea. The assets have grown from the original \$700 invested to \$7,559,542.67. The public estimate of the value of the company is around twenty million dollars. The one horse and wagon is replaced by a fleet of 1,293 modern motor delivery trucks and branch cars. The number of towns now reached by Jewel men is over 6,000. The routes operated have grown from one to 1220,

and the number of customers from under 100 to over 800,000.

**Organization of Present Company.** The progress made has not been without "growing pains." There have been times when things looked rosy, and others when they looked black. From the time

of the original store until 1916 the company grew steadily. Early in 1916, with 850 routes operating, total sales of over \$8,000,000, and a net profit of better than \$1,400,000 for 1915, the present company was incorporated under the laws of the state of New York, and its securities listed on the New York Stock Exchange. Capitalization was for \$16,000,000—40,000 shares of \$100 par value 7% cumulative preferred stock, and 120,000 shares of \$100 par value common stock. A program of rapid expansion was carried out, increasing the number of units to 1,645. Facilities in the Chicago plant were increased and coffee roasting and distributing plants were opened in New Orleans and San Francisco. The present Hoboken plant, then the largest and most complete coffee roasting plant in the world, was built for the company. Sales for 1916 were just under \$13,000,000, and the common stock value ranged from 67 to 96. Preferred sold at 101 to 103.

**Difficulties.** The war intervened. The Hoboken plant was commandeered by the War Department. So many salesmen entered the army that it became extremely difficult to serve customers. Large stocks of goods were in the plants and branches, bought and manufactured preparatory to further expansion. Carrying on the business under these difficulties, the company operated at a great loss.

(Continued on page 15)

### Late Facts and Figures

Number of branches .....	81
Number of motor routes.....	1220
New routes added, 1929.....	94
Number of employees.....	2390
Manufacturing plants .....	3
Importing office .....	1
Regular grocery items.....	64
Standard premium items.....	96
Capitalization (shares no-par common stock) .....	280,000
Regular annual dividend rate.....	\$3.00
Earnings per share of present stock, 1929 .....	\$6.04

For 1929 sales and profits see the  
**ANNUAL REPORT**



# JEWEL TE BALANCE SHEET,

## ASSETS

### CURRENT ASSETS:

Cash .....		\$ 648,139.96	
Investments, at cost or market, whichever is lower, including accrued interest—			
Federal bonds .....	\$1,815,139.81		
Equipment notes and bankers' acceptances.....	321,418.01		
	<u>\$2,136,557.82</u>		
Less unexpended balance of appropriation for plant and office building fund.....	737,131.36		
		1,399,426.46	
Common stock held for employees, at cost, less payments thereon .....		290,052.47	
Accounts receivable—			
Trade customers .....	\$ 312,774.70		
Miscellaneous .....	171,722.88		
	<u>\$ 484,497.58</u>		
Less reserve for doubtful accounts.....	66,701.44		
		417,796.14	
Inventories at cost or market, whichever is lower—			
Groceries .....	\$1,173,368.81		
Premiums .....	426,834.52		
		1,600,203.33	
Trust fund investments (Surety deposits, per contra) .....		80,988.97	
			\$4,436,607.33

### PLANT AND GENERAL OFFICE BUILDING FUND:

Amount appropriated .....	\$1,510,000.00		
Less expenditures to date.....	772,868.64		
	<u>\$ 737,131.36</u>		
Less December estimates paid in January.....	146,583.84		
			590,547.52

### DEFERRED CHARGES:

Premiums (at cost) advanced to customers.....	\$ 931,287.56		
Less reserve for doubtful accounts.....	223,386.37		
		\$ 707,901.19	
Prepaid insurance, licenses, etc.....		53,051.62	
Inventory of expense supplies.....		43,314.69	
			804,267.50

### CAPITAL ASSETS:

Land at branches.....		\$ 42,824.57	
Plant and general office building.....		919,452.48	
Buildings at branches.....	\$ 80,068.28		
Machinery, furniture and fixtures at plants.....	477,901.98		
Delivery and branch equipment.....	923,595.35		
	<u>\$1,481,565.61</u>		
Less reserve for depreciation.....	715,723.34		
		765,842.27	
			1,728,119.32

### GOODWILL

1.00  
\$7,559,542.67



A CO., INC.  
DECEMBER 28, 1929

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LIABILITIES

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CURRENT LIABILITIES:

Letters of credit and acceptances.....	\$ 201,534.48	
Accounts payable, trade.....	129,936.07	
Other accounts and wages payable.....	390,932.16	
Federal income tax, 1929.....	197,061.76	
Dividend payable, January 15, 1930.....	210,000.00	
Surety deposits (Trust fund investments, per contra).....	80,988.97	
		<u>\$1,210,453.44</u>

RESERVE FOR CONTINGENCIES ..... 117,979.05

NET WORTH:

Common stock, no par value—		
Authorized .....300,000 shares		
Unissued ..... 20,000 shares		
Issued and outstanding.....280,000 shares	\$4,240,000.00	
Earned surplus, per annexed statement.....	1,991,110.18	
		<u>6,231,110.18</u>

CONTINGENT LIABILITY:

For letters of credit issued against contracts for coffee not shipped  
at December 28, 1929 .....\$234,700.00

\$7,559,542.67



**JEWEL TEA CO., INC.**  
**INCOME AND SURPLUS ACCOUNT FOR THE YEAR ENDED**  
**DECEMBER 28, 1929**

<b>NET SALES</b> .....	\$16,844,110.25
<b>LESS COST OF SALES</b> , including raw materials, labor, supplies, operating expenses, depreciation, etc.....	15,261,904.36
<b>NET PROFIT FROM OPERATIONS</b> .....	\$ 1,582,205.89
<b>OTHER INCOME:</b>	
Interest and discount earned.....	\$ 272,940.25
Miscellaneous .....	33,217.64
	306,157.89
<b>NET PROFIT</b> , before federal income tax.....	\$ 1,888,363.78
<b>LESS PROVISION FOR FEDERAL INCOME TAX</b> .....	197,061.76
<b>NET PROFIT FOR THE PERIOD</b> .....	\$ 1,691,302.02
<b>DEDUCT:</b>	
Recapitalization expenses and other surplus adjustments.....	\$ 14,505.79
Appropriated for reserve for contingencies.....	40,000.00
Dividends paid on common stock—	
Cash .....	\$1,230,000.00
Stock (75 % of 160,000 shares outstanding at assigned value of \$1.00 per share).....	120,000.00
	1,350,000.00
	1,404,505.79
<b>SURPLUS BALANCE</b> , December 29, 1928.....	\$ 286,796.23
	1,704,313.95
<b>EARNED SURPLUS</b> , December 28, 1929.....	\$ 1,991,110.18

**W**E have audited the books and accounts of the JEWEL TEA CO., INC. for the year ended December 28, 1929, and hereby certify that the balance sheet and accompanying income and surplus account are in accordance therewith, and exhibit, in our opinion, a correct statement of the financial position of the Company at that date and the results of operations for the period then ended.  
 CHICAGO, January 30, 1930.

TOUCHE, NIVEN & CO., Public Accountants.



(Continued from page 11)

**Recovery.** The situation was serious, but the improvement made during the years from 1919 to 1925 was remarkable. To cover the large deficit and to meet pressing debts gold notes to the amount of \$3,500,000 were issued. Preferred dividends were passed. Stock values went as low as \$8 on the preferred and \$3 on common. Then branches in unprofitable territory were liquidated and all plants except the ones in Chicago and Hoboken were discontinued. Plans were made for reduction and control of inventories, reduction of operating costs, and for intensified training of sales personnel. The Hoboken plant was received back from the government, repaired, and manufacturing in it resumed. The old plant at Ada and Washington Streets in Chicago had been outgrown, so a new plant in the Central Manufacturing District was leased. It afforded much better shipping and manufacturing facilities, with a consequent saving in costs.

All funded debt was paid off on the dates due. In 1925 dividends on preferred stock were resumed and a payment of \$7.00 per share made toward reducing the accrued dividends, which were in arrears \$36.75 a share. In 1926 and 1927 there were further reductions in operating expenses and substantial increases in net profit. The arrearage in dividends was completely wiped out in 1927, and net profit for the year was \$1,361,391. This year marked the close of the period of recovery and the limit of ability to increase profits measurably through the reduction of expense had also about been reached. The stage was set for special effort on sales volume.

**Capitalization Changes.** In 1928 and 1929 there were a number of adjustments of the company's capitalization. On April 1, 1929, the remaining 25,600 shares of preferred stock were retired at \$125 a share. Funds for this purpose were obtained from the sale of 40,000 shares of additional common stock to stockholders at \$100 a share. June 20, 1929, the number of shares of common stock outstanding was increased to 280,000 through the declaration of a stock dividend of 75% and a regular dividend rate of \$3 annually was established on the new capitalization.

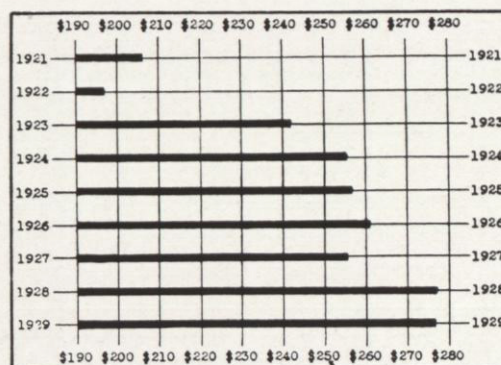
**Contract with Club Aluminum.** On January 18, 1930, the Jewel Tea Co., Inc. entered into a management contract with the officers and directors of the Club Aluminum Utensil Co. to provide

executive management for that company for the succeeding three years. This contract contemplates the furnishing of one man, Mr. H. J. Taylor, a vice-president of the Jewel Tea Co., Inc., to head the Club organization, together with advice, counsel, and incidental services. The company is assuming no responsibility, direct or indirect, for the debts, claims, contracts, obligations, or liabilities of any nature whatsoever of the Club Aluminum Utensil Co. at any time whatsoever. The company will be compensated at a rate sufficient to cover out-of-pocket expenditures and will share in any profits produced during the life of the contract.

**Added Sales Volume.** Annual sales for 1929 were \$16,844,110.25, an increase of \$873,217.70, or 5.47% for the year. The average sale per customer increased from \$1.37 in 1927 to \$1.47 in 1929. In 1928 the average sales per unit, \$277.68, were the highest in the history of the company. The average figure for sales per unit in 1929 shows a slight decrease due to the new routes opened during the year.

**Changes in Sales Organization.** In 1929 the sales territory was split into four geographic divisions, each in charge of a sales manager, thus effecting greater concentration of executive supervision and providing a means of interbranch and territorial competition in contests and special campaigns. Field sales directors, the Sales Department's immediate representatives in the field, were given definite districts and made directly responsible for results in branches under their charge. Their working schedules have been changed to allow them opportunity for more frequent visits

Average sales per week per wagon.





to each branch. Branch managers have been given relief from immediate supervision of service salesmen, and group managers, averaging one to a group of six service salesmen, are charged with the responsibility of the development of the men in their groups. These group managers, formerly called head salesmen, had previously been assigned to assist the managers in training and supervising service salesmen, but had not been directly responsible for any particular group of men. Under the new plan the manager has time to plan his sales, keep a closer check on results in his branch, and give more time to the proper selection of men—in other words, to be a real executive.

**Expansion.** With the rising volume of sales, a more extensive program of expansion is being carried out. The policy continues, with a few exceptions, to be concentration in and development of territory in which we are already operating profitably, rather than experimentation in untested regions. Ninety-four new routes were added in 1929. Four new branches were also opened during the year, making a total of eighty. Plans for 1930 are for the opening of approximately seventy additional routes.

**New Merchandising Plans.** The merchandising policy, which had previously consisted of supplying customers with standard line groceries and a few seasonal specials, was enlarged to give customers special bargains on group sales, attractive premium bargains with certain combination grocery sales, and seasonal sales with price reductions or increased profit sharing credits. New grocery items were also added for short periods of time, the products being selected after a careful study and sold at the time of year when there was the most demand for them. In 1929, for the first time, the company included in these special seasonal items several nationally advertised grocery products, sold



Old and new style coffee packages.

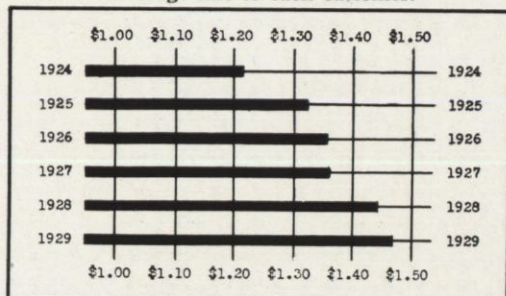
under their own brand names. Due to the advertising value to the manufacturer of distribution over Jewel's wide merchandising area, the company was able to sell these articles at prices favorable to the public and at the same time maintain a good margin of profit. Sales and special offers were limited in most instances to two-week periods, but something of this nature was in effect throughout the year.

In order to teach the men on the routes and their managers, both by example and instruction, how to carry out the new plans, a group of trained promotional and merchandising men was organized and kept constantly moving in the field. Results proved the wisdom of this move.

**Sales Aids.** In the past year, more than ever before, an attempt was made to make advertising and other sales aids of the greatest possible value to the salesmen. THE JEWEL NEWS, a monthly eight-page publication, distributed to customers, was more closely tied in with the special sales and bargain offers. The Home Service Division, a model kitchen and home-making laboratory equipped for testing all Jewel groceries and premiums, in charge of a home economics expert, with a group of traveling food specialists who give demonstrations in branch cities and surrounding territories, was also active in assisting customers and their service salesmen.

**Credit Policy.** The terms of all grocery sales are cash on delivery of goods. An exception is made to allow credit for one delivery to good customers who have traded with the company long enough to have established a record of reliability. The one delivery credit rule was formerly not subject to such a restriction and it is expected its enforcement with the new provision will bring about a further decrease in grocery balances.

Average sale to each customer.







The teas, too, are packaged differently.

**Jewel Groceries.** Sixty-four regular grocery items are now sold under the Jewel trade name. Coffee, tea, rice, cocoanut, and the spices are prepared and packaged by the company. Jewel-Jell, baking powder, lemon and vanilla extracts, tooth paste, Velvetouch hand lotion, talcum powder, and shampoo are manufactured at the Barrington plant. All other items are manufactured for the company according to its specifications and packed under the Jewel label. The only exceptions are the nationally advertised specials which have been handled occasionally.

A special grocery item selected for sale by the company is first subjected to rigid tests under the most adverse home conditions, and then tried out in a few branches to be sure of its adaptability to the direct method of merchandising. The Home Service kitchen and the Jewel chemical laboratory afford complete testing facilities for all groceries, and have also been very effective in working out new formulas for products such as summer drinks, prepared desserts, pie fillings, and the like.

**Coffee.** The green coffee market continues to be very uncertain. With the break in Brazilian coffee prices, the market has been flooded with low-grade, low-priced coffees. The high quality of Jewel blends is being maintained at all times regardless of market conditions. A moderately priced coffee, Jewel Cup, was added to the line in 1928 to meet the public demand for such a coffee.

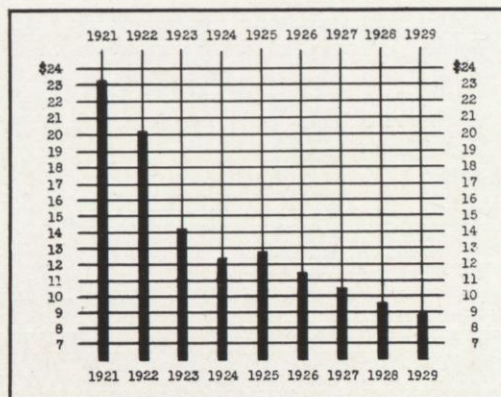
**Package Designs.** Some pictures are shown in these pages portraying the evolution of the package designs of Jewel coffees and teas. The same improvement has been made in the quality and appearance of all other grocery containers, and the company is always on the lookout for ways to make them still better.

**Premiums.** The premiums advanced by the company are all of high quality, mostly nationally advertised house furnishings of known value, such as Haviland china, Manning-Bowman electrical equipment, Pyrex glassware, etc. The misconception still exists in some places that premiums are apt to be tricky or shoddy merchandise. A Jewel premium is advanced to a customer before she has paid for it in any way. She hasn't even had to save coupons. It is sold under a guarantee and may be returned if it is defective or unsatisfactory. In many instances the customer's continued patronage depends upon her being well pleased with the articles she selects as premiums. Nothing except the best merchandise could stand up under such a test. Jewel premiums have stood up now for thirty years.

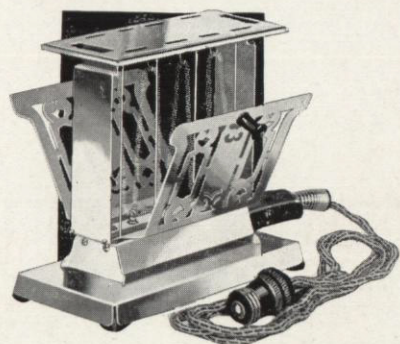
The company standard line of premiums consisted in 1929 of 96 articles. These, however, are supplemented during the year with seasonal and low-priced specialties designed to complete group and bargain sales. Before any premium, whether for long time use or for a two-week sale only, is purchased by the company, its durability and practical value in the home are thoroughly tested in the Home Service kitchen.

**Branch and Plant Buildings.** Five new branch buildings were erected for the company in 1928. One, the Los Angeles branch, was built in 1929. It is owned by the company and includes, besides the regular branch office and store rooms, complete coffee roasting, packaging, and grinding equipment. Groceries other than coffee will continue to be shipped from the regular company plants.

Average motor truck operating costs per week.







Haviland China, in a pattern distributed exclusively by Jewel, and standard electrical appliances are included among Jewel's premiums.



Chicago plant operations were moved to the new building in Barrington, Illinois, in March, 1930. The headquarters office of the company is also located there. The Hoboken plant will continue in use as a green coffee warehouse, and for coffee roasting to supply eastern and some southern branches.

**Equipment.** Salesmen are taught the proper care of their motor trucks and are encouraged to keep them neat in appearance by proper cleaning, polishing, and varnishing when a new finish is needed. The older cars are being replaced as rapidly as is practicable with the latest model Ford delivery trucks. These cars have greater strength in construction, more loading capacity, are more comfortable for the salesmen, and are built along passenger car lines, affording real beauty of design. They have occasioned much favorable comment from customers, and are very much in demand among the salesmen. Most of the new De Luxe style cars so far have been awarded to salesmen as a reward for maintaining a \$400 collection average for a period of four weeks in addition to the proper control of expense on their routes. Cars released from these routes are then utilized on new routes and to replace worn out equipment on others. At the present time there are 695 of the new type cars in the field.

**Expenses.** Total company expense for 1929 increased slightly due to the number of new routes added during the year. Other operating economies, however, offset this so that it was not reflected in the profit figures. The budget system of controlling branch expense gives each manager a definite goal to aim at in expense reduction, and has been effective in keeping down operating costs. The outstanding decrease was a reduction in motor

truck operating costs from \$9.70 per week per truck in 1928, to \$8.93 in 1929. An analysis of other items of expense shows slight increases consistent with the greater volume of business.

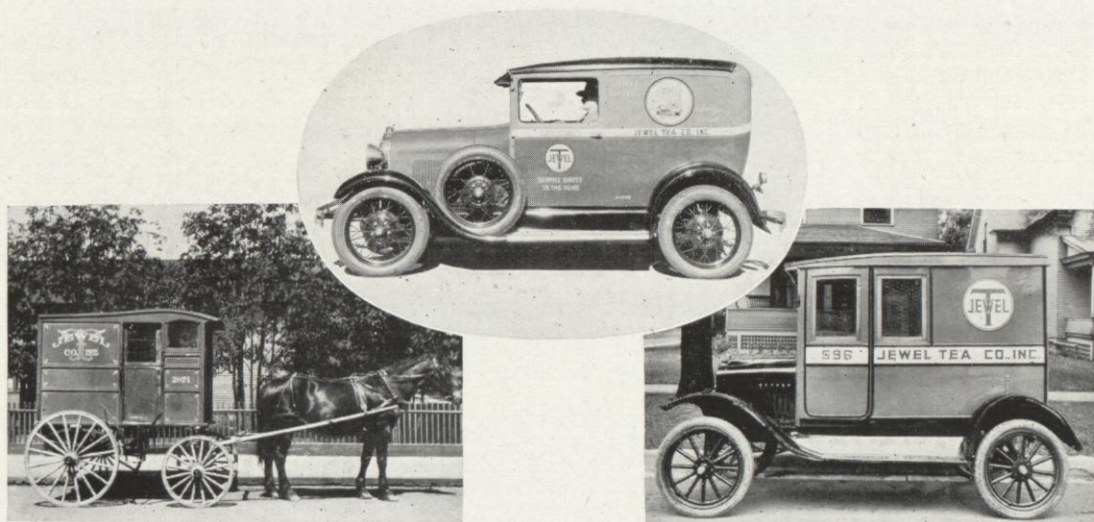
**Control of Stocks.** Continued progress is being made in reduction of manufacturing costs, reduction in inventories, and increased stock turnover in plants and branches. Inventories for 1929 show a reduction of over \$200,000, notwithstanding the diversified sales program which entailed the handling of many special items, and the purchase of larger stocks preparatory to bargain sales on standard grocery products, all of which was new in the experience of the company.

**Employee Benefits.** Feeling that in the last analysis the success of the company depends upon the fitness of the individuals working for it, the company policy continues to be to provide employees with every incentive, consistent with good business, for promoting their welfare, contentment, and developing in the organization.

**Wage Incentives.** Bonus plans provide incentives for the managers, group managers, and service salesmen in the field, contingent upon their performance of their jobs, sales, profits made, and the control of expenses in the units under their supervision. Home office and plant employees (other than executives) were included in 1928 for the first time in a bonus plan made possible by a special fund set aside for that purpose by the board of directors. It was felt that this added greater interest in their work and contributed to a substantial decrease in plant and office expenses for the year. The same plan was followed in 1929.

**Financial Advantages Offered.** An employee stock purchase plan is in effect whereby an employee may obtain stock at a little under current





Jewel delivery equipment of different periods. The 1929 model appears at the top.

market values and pay for it by weekly salary deductions. Employees are also allowed a liberal discount on all purchases of Jewel groceries and premiums. Field employees who furnish a cash bond when entering the company are allowed to increase the amount of that bond if they care to, and 5% interest is paid on the total amount.

**Vacations.** Vacations with pay were awarded to 1,043 employees in 1929, the length of vacation varying according to length of service and the employee's progress in and maintenance of his work.

**Insurance and Health.** Group life insurance is carried on all employees with the company for one year or over, the amount of insurance the first year being \$250 to \$300, and then increasing each year to a maximum of \$2,500. The total amount of life insurance in 1929 was \$913,950, the average coverage being \$621. A visiting nurse service supplied by the insurance company is now available in 59 branches and in the headquarters office. The company compensation policy in case of illness or accidents is liberal and employees are encouraged to come to company executives for advice and assistance when financial and other worries beset them.

**Length of Service.** Recently a plan for recognition of continued work with the company was put into effect. Gold service buttons were awarded to all who have been Jewel employees for more than

five years. The buttons are attractive in design and carry one star for each five years with the company. A dinner was given by Jewel officers and executives in honor of the first two men completing 25 years' service, at which they were presented with Howard watches appropriately engraved.

**Prospective Service Salesmen.** Each year a greater effort is made to select the right man for the right job. The biggest advance toward this ideal made recently was the inauguration of a plan for employing a reserve corps of prospective service salesmen. These men will be thoroughly trained and kept busy at advance sales work, vacation relief on the routes, etc., so that when a vacancy does occur on a route there will be a trained man ready to step in. The trial interval should give both the man and the branch manager a better chance to decide whether he will be contented in, and capable of, carrying on the work before he is made definitely responsible for the customers in his territory.

**Medical Examinations.** The best man for a job with this company now also means the most healthy man. The man who feels well is the one who works well and is happy. In service sales work, particularly, the man healthy in body and in disposition is essential, in order to carry on the work properly, avoid loss to the company from



absence due to illness, and also a break in service to the customers. So, in 1928, the company decided to employ only those who had satisfactorily passed a complete medical examination. It is believed to be a step in the right direction.

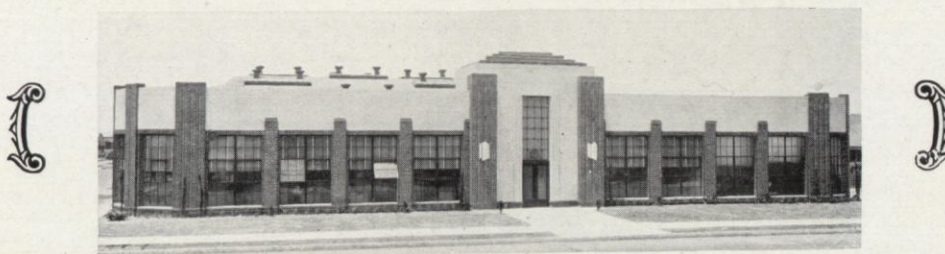
**House Organs.** Company employees are kept informed of the news concerning one another, the changes in personnel, and current Jewel developments by a well-edited house organ, *THE JEWEL*. A smaller paper, *THE JEWEL LEADER*, is issued for field executives only, dealing more directly with supervisory and management problems.

**Group Meetings.** As the Jewel organization is necessarily widely scattered, group meetings are held as often as is practicable so that employees may mix, exchange ideas, and discuss with executives the business plans and problems. The annual convention of branch managers was held in 1929 at the French Lick Springs Hotel, French Lick, Indiana. The 1930 convention will be held in the new Jewel home at Barrington. All such meetings are conducted by the conference method to encourage the managers to take a more active part in formulating company plans. Branch meetings and sectional sales meetings are held in branch cities during the year with home office

executives in attendance. Executives make as many visits to branches as they can, both to give the men the benefit of renewed contact with the people in authority and to obtain a first-hand knowledge of existing conditions.

**Educational Work.** Educational material designed to build men for the jobs they occupy, and for better ones, is made available to all employees. Besides branch manuals, sales manuals, and bulletin instructions issued by the company, a library of current business books is maintained both for headquarters and field circulation. Sales courses selected by the company have been studied by more than a thousand field men.

**Promotional Plan.** A definite promotional plan is followed by the company, and any man who meets its requirements is advanced by the company as fast as he is qualified for the job ahead and as vacancies occur. It is the policy of the company never to go outside of the company to fill a position if there is any one in the organization capable of doing the work. Adequate personnel records of all individuals are on file in the headquarters office so that complete information as to their qualifications is always available.



The Jewel branch and coffee roasting plant  
at Los Angeles, California.





## THE HOME OF THE COMPANY JEWEL PARK

THE general offices and midwest plant of the Jewel Tea Co., Inc., are located in Jewel Park, Barrington, Illinois, near Chicago. All executive office operations, as well as all manufacturing, packaging, and shipping of groceries, and the roasting and packaging of coffee for the central west, are carried on here. Conditions are ideal for the manufacture of food products—clean air, sunshine, and factory surroundings which are as sanitary and scientifically correct as it is possible to get them.

The Jewel plant, completed in March, 1930, by Holabird & Root, architects, is considered one of the finest industrial buildings in the country not only in appearance but also in efficiency of operation. The exterior of Indiana limestone, with a brick facing around the windows, and the lovely landscaped setting of forty acres, give it more the appearance of a public building or school than that of a factory. None of its efficiency as a manufacturing plant, however, was sacrificed to good looks. Factory activities occupy the first four floors of the building and a portion of the fifth floor, which is devoted to coffee roasting. Other items manufactured or cleaned and packaged on the first four floors include: Tea,

rice, cocoanut, cocoa, baking powder, spices, Jewel-Jell, lemon and vanilla extract, Velvetouch, and shampoo. Plant processes for preparing each of these for market have been so planned that they are done with the greatest possible economy of time, space, labor, and equipment.

The fifth (top) floor of the building houses the general and executive offices; also an auditorium, seating three hundred people, to be used for sales meetings, conventions, and employee get-togethers. The basement is equipped with bowling alleys, squash and handball courts, lockers, and showers for employees. Also in the basement is a garage, and the big oil heaters which provide the heat for the building. No coal is burned in the Jewel building—another help in keeping the air clean.

The grounds surrounding the Jewel plant contain tennis courts, a baseball field, and enough space for almost any other athletic activity in which the employees might become interested.

**Shipping and Transportation Facilities.** Jewel Park is located on the Elgin, Joliet, and Eastern Railway (Outer Belt Line) which makes direct connection with all through freight routes, providing speedy service for both incoming and



outgoing shipments of supplies and finished groceries and premiums. The town of Barrington is on the Chicago & North Western, which maintains a suburban train schedule to and from Barrington and Chicago. Bus and taxi service is available from the station to the Jewel property, which is about a mile away. The Northwest highway, and other state and county roads, make Barrington readily accessible by motor.

**Homes for Jewel People.** A residential subdivision, adjacent to the plant site, is being developed by the company primarily to give Jewel employees an opportunity to own homes of their own. The project was carefully planned, the streets laid out in such a way that they add much to the attractiveness of the property, and trees and shrubs in abundance were planted. A number of homes have been built and occupied for some time. Ownership is not restricted to Jewel people, but they were given first choice in the selection of lots. Plans for all homes to be erected

in the subdivision will be passed upon by a committee of Jewel people and competent architects for approval of the style and fitness for the lot selected. In this way the artistic appearance, and the value, of the entire property will be maintained.

**The Idea Behind a Suburban Location.** The small town or country location of a large industry is no longer a novelty—many other companies have been successfully located in smaller cities for years. But for those to whom the idea is a new one, or one at least about which there is some question, the Jewel Tea Co., Inc. can say that it sees many tangible advantages in its present home in Barrington. Among these are: Better and more healthful working and living conditions for employees; cleaner air for manufacturing food-stuffs; a saving of high priced rental for office and manufacturing space in a city location; and an increased efficiency in operation due to the improved conditions.

## COMPANY BRANCHES

Branch offices of the Jewel Tea Co., Inc. are located in the following cities, eighty-one in all:

Akron, Ohio	East Liberty, Pa.	Madison, Wis.	Saginaw, Mich.
Altoona, Pa.	East St. Louis, Ill.	Mansfield, Ohio	Salt Lake City, Utah
Atlanta, Ga.	Erie, Pa.	Memphis, Tenn.	St. Joseph, Mo.
Aurora, Ill.	Escanaba, Mich.	Milwaukee, Wis.	St. Louis, Mo.
Baltimore, Md.	Evansville, Ind.	Minneapolis, Minn.	St. Paul, Minn.
Binghamton, N. Y.	Flint, Mich.	Moorhead, Minn.	Schenectady, N. Y.
Birmingham, Ala.	Fort Wayne, Ind.	Muncie, Ind.	Scranton, Pa.
Buffalo, N. Y.	Fort Worth, Texas	Nashville, Tenn.	Sioux City, Iowa
Cairo, Ill.	Huntington, W. Va.	Oklahoma City, Okla.	South Bend, Ind.
Cleveland, Ohio	Indianapolis, Ind.	Omaha, Nebr.	Springfield, Ill.
Clinton, Iowa	Jacksonville, Fla.	Oshkosh, Wis.	Stockton, Calif.
Charlotte, N. C.	Johnstown, Pa.	Ottumwa, Iowa	Syracuse, N. Y.
Columbus, Ohio	Kalamazoo, Mich.	Peoria, Ill.	Terre Haute, Ind.
Dallas, Texas	Kansas City, Mo.	Pittsburg, Kansas	Toledo, Ohio
Danville, Ill.	Knoxville, Tenn.	Pittsburgh, Pa.	Topeka, Kansas
Dayton, Ohio	La Crosse, Wis.	Reading, Pa.	Tulsa, Okla.
Denver, Colo.	Laurium, Mich.	Richmond, Va.	Washington, D. C.
Des Moines, Iowa	Lincoln, Nebr.	Roanoke, Va.	Waterloo, Iowa
Detroit, Mich.	Los Angeles, Calif.	Rochester, N. Y.	Wheeling, W. Va.
Duluth, Minn.	Louisville, Ky.	Rock Island, Ill.	Wichita, Kansas
			Youngstown, Ohio



## CAPITALIZATION HISTORY

**Present capital structure—280,000 shares of no-par value common stock.**

AT the time the present company was incorporated in 1916, 40,000 shares of \$100 par value 7% cumulative preferred stock, and 120,000 shares of \$100 par value common stock were issued. In 1925, 3,600 shares of preferred were retired, and the common changed from \$100 par to no-par with an assigned value of \$1 per share. 6,400 shares of preferred were retired in 1926, 4,400 in 1927, and on April 1, 1929, the 25,600 shares still outstanding were redeemed at \$125 per share and accrued dividends. The first dividends were paid on the common stock in 1928, at the rate of \$4 a year on the 120,000 shares then outstanding. Two extra dividends of \$1 each were paid on common stock, one in December, 1928, on the 120,000 shares then outstanding and one in June,

1929, on the 160,000 shares outstanding at that time.

In December, 1928, an increase in common stock from 120,000 to 300,000 shares was authorized. 40,000 shares of the additional stock were sold to stockholders at \$100 per share on a basis of one share for each three previously held. This increased the outstanding common stock to 160,000 shares on April 1, 1929. On May 13, 1929, a 75% stock dividend was declared, payable June 20, 1929, increasing the stock outstanding to 280,000 shares, the company's present capitalization. A dividend rate of \$3 annually was established, and the first quarterly payment at this rate was made July 15, 1929. The capital structure of the company as it stands today is in the simplest form.

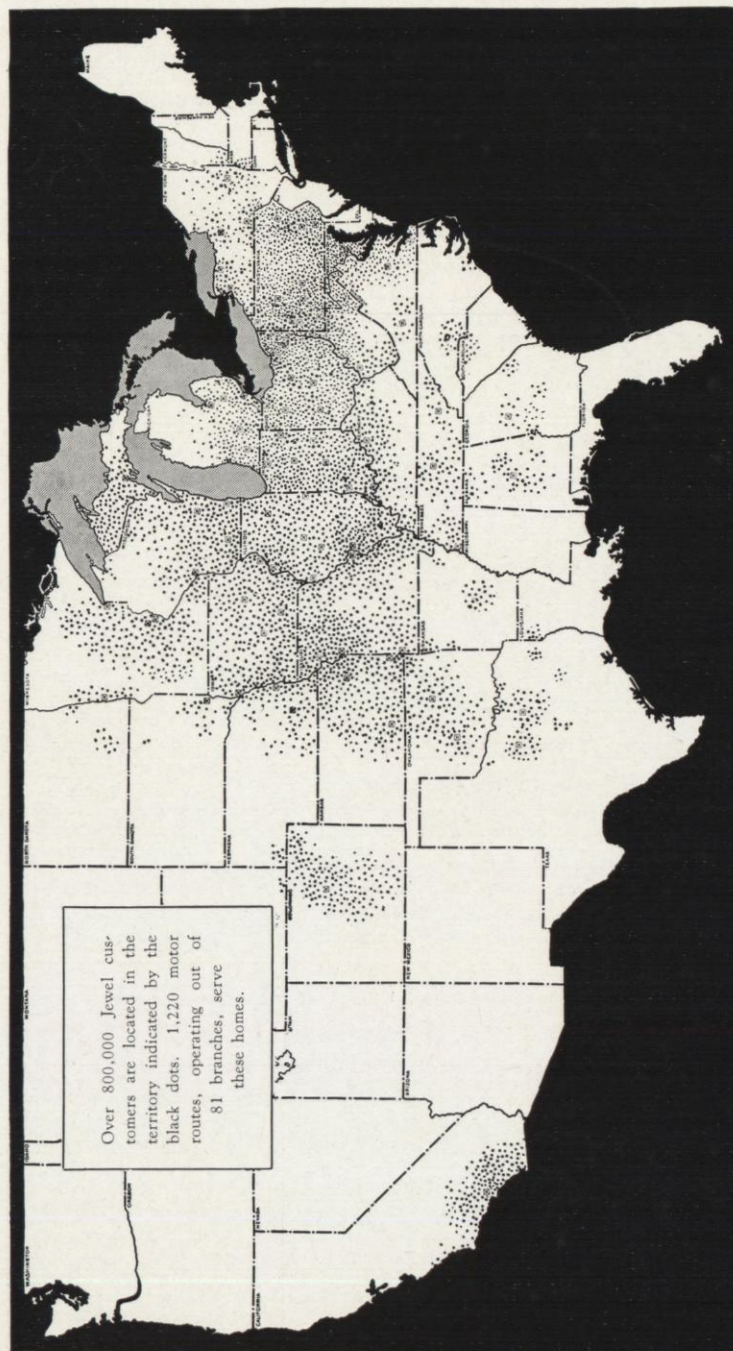
## STATISTICS

	No. Routes	Annual Sales	Net Earnings	Earnings Per Share Common Stock
1921	1046	\$11,210,388.48	\$ 321,457.70	\$1.15
1922	996	10,240,809.78	152,149.77	.54
1923	998	12,554,874.55	624,200.85	2.23
1924	1024	13,602,744.84	855,076.02	3.05
1925	1044	14,178,478.02	838,947.75	3.00
1926	1075	14,568,257.64	1,258,052.07	4.49
1927	1091	14,532,336.26	1,261,391.38	4.50
1928	1106	15,970,892.55	1,530,888.70	5.47
1929	1215	16,844,110.25	1,691,302.02	6.04

	Sales Per Week Per Wagon	Net Earnings Per Week Per Wagon	Operating Cost Per Week Per Wagon	Wagon Operating Cost % to Sales
1921	\$206.30	5.91	\$23.29	11.3
1922	197.69	2.94	20.05	10.1
1923	241.87	12.03	13.96	5.9
1924	255.47	16.06	12.43	4.9
1925	256.33	15.17	11.99	4.7
1926	260.52	22.50	11.67	4.5
1927	256.07	22.23	10.67	4.18
1928	277.68	26.62	9.70	3.51
1929	274.60	26.77	8.93	3.25



## A DISTRIBUTION PICTURE



More than six thousand towns and villages are regularly visited by Jewel salesmen.











